

**BOARD OF SUPERVISORS**

**GILA COUNTY, ARIZONA**

Date: August 10, 2004

**JOSÉ M. SANCHEZ**

Chairman

**JOHN F. NELSON**

Clerk of the Board

**RONALD A. CHRISTENSEN**

Vice-Chairman

By: Marilyn Brewer  
Deputy Clerk

**CRUZ SALAS**

Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: José M. Sanchez, Chairman; Ronald Christensen, Vice-Chairman; Cruz Salas, Member; and, John F. Nelson, County Manager/Clerk.

The Gila County Board of Supervisors met in Work Session at 10:00 a.m. this date. Vice-Chairman Christensen led the Pledge of Allegiance and Jeremy Goodman delivered the Invocation.

At this time each Board member presented a brief summary of current events as allowed by A.R.S. §38-431.02(K). No action was taken on any items that were presented.

Chairman Sanchez addressed agenda item 3, the presentation of August I'MAGE (I'm A Great Employee) awards. Ms. Juley Bocardo-Homan of the Personnel Department read aloud nomination letters and presented awards to the following Gila County employees: Lionel Martinez of the Engineering Department, Denise Dickison of the Health and Community Services Division, Misty Spitler of the County Attorney's Office, Hazel Dillon of the Assessor's Office, and Terri Powell of the Treasurer's Office.

Chairman Sanchez called on Mr. Randy Edwards, Section Leader of the Outdoor Lighting Department for Arizona Public Service (APS) Company, to present agenda item 4. Mr. Edwards introduced Mr. Steven Skaggs, the new APS State Lighting Coordinator, and Mr. Bill Marshall, APS District Manager.

A Power Point presentation was provided by Mr. Edwards on the APS Share-the-Light (STL) Program for the unincorporated areas of Central Heights/Country Club Manor, Lower Miami, and Claypool. Highlights of the presentation are as follows: 1) The history of the STL Program reflects that the program started in the mid-1950s to extend street lighting to unincorporated areas of the State, including Gila County. Those customers participating in the STL Program paid for lighting services on their monthly APS bill. In 1979, the Arizona Corporation Commission (ACC) determined that the STL Program was illegal. The ACC froze the E-116 and E-114 STL tariffs, which prohibits APS from performing extended maintenance on fixtures and poles. The goal of the ACC was to convert systems to either a municipal or improvement district system for those lighting systems, or the lighting system would be removed. Because of the "Dark Sky Legislation," all mercury vapor lights must be removed from service by 2011, and all new lights must be of the 90 degree cut-off type. Gila County STL accounts have many mercury vapor and incandescent lights, which cannot be replaced due to the ACC frozen status on the current rate. 2) At present, 570 residential and 26 non-residential accounts are paying for the existing lights in Central Heights/Country Club Manor, and 636 residential and 58 non-residential accounts are paying for the existing lights in Lower Miami/Claypool STL districts. Currently, four (4) street lighting improvement districts exist in Gila County: 1400 E. Ash Street, Apache Hills, Central Heights and Miami Gardens. These customers pay for the lighting services through an assessment on their property tax bills which are issued semi-annually. Other STL systems throughout the State have now converted to street lighting improvement districts. Once a district is established, it is possible to maintain and upgrade fixtures and poles throughout the district, including replacing poles that have been removed. Per APS' commitment, all retrofits and replacement of poles/fixtures are at the expense of APS (per the E-58 rate), and any lights that were previously removed will be replaced at the expense of APS. 3) Some scenarios and monthly billing

estimates were presented, and 4) Photographs were shown identifying the different types of lighting fixtures that have been used by APS throughout Arizona, with the options depending on funds available. More information may be obtained by going to the website of Arizona Public Service at <http://www.aps.com> and at the bottom of the page, click on the “APS Construction Corner” and then “Streetlights” links. Chairman Sanchez called for public comment. The following members of the audience addressed issues pertaining to this agenda item: Mr. Albert M. Porto, a resident of Claypool, Arizona; Denver A. Woods, a resident of Central Heights, Arizona; Mr. Kelly Nawfel, a resident of Claypool, Arizona; and Ms. Emeretta Sanders, a resident of Claypool, Arizona. Each speaker addressed questions regarding lighting needs in their specific areas.

Dixie Mundy, Director of Elections, addressed the second portion of agenda item 4. She presented the Board and audience with a handout itemizing the details on forming a new street lighting district, along with the applicable State statutes. Ms. Mundy stated that before circulating petitions, the following items need to be completed: 1) acquire a map of the area with a good source being the County Assessor’s Office; 2) determine the boundaries of the proposed district; 3) determine whether or not additional light poles are needed ; 4) meet with Arizona Public Service representatives; 5) if possible, determine the start-up cost and the annual maintenance cost; 6) prepare a map and legal description of the proposed district; 7) name the proposed district; 8) acquire a list of property owners within the proposed district from the County Assessor; 9) acquire a petition from the County Elections Division; and, 10) attach to each petition a plat or sketch indicating the approximate area and boundaries of the proposed district. Ms. Mundy further stated that after circulating petitions, the following would need to be completed:

1) file the petitions with the County Elections Division; 2) upon receipt of the petitions, the Board of Supervisors will set a public hearing on the petitions within 40 days after the filing; 3) a notice of the hearing will be published in the

newspaper and mailed to the owners of real property within the district; 4) the County Assessor will determine the number of valid property owners or the percentage of property represented on the petitions; 5) at the hearing, the Board of Supervisors will consider the petitions, all objections, and if the public convenience, necessity or welfare will be promoted by the establishment of the district; and, 6) the Board of Supervisors will determine whether or not the district is to be established. The Arizona Department of Revenue requires that the Board of Supervisors' creation of the district, which is the last item to be completed in creating a street lighting district, must be completed by November 1st of the calendar year so that it can be included in the following year's fiscal budget; however, if the district is almost completed, an extension may be granted to February 15<sup>th</sup>. In reply to the question of whether the County requires a new district to be self-sustaining and whether taxes would be collected in advance, John Nelson advised that the property taxes would begin in November, but the County would "carry" the new district for the first couple of months until a cash reserve is established. Doyle Cowan, a resident of Country Club Manor, Arizona, spoke on the difficulty of obtaining a legal description for a proposed district. Ms. Mundy stated that sometimes in the forming of a district when only a portion of a subdivision, and not the entire area, is being included in that district, an existing legal description may not be available. In that instance, those individuals involved in forming the district are responsible for locating a qualified person to write the legal description. She advised that the County Engineering Department does not provide this service. She further advised that the legal description is the most difficult of the steps in the process. Chairman Sanchez advised that contact names and telephone numbers of APS and County representatives will be made available to the public in the future to provide information pertaining to the formation of a street lighting district. On behalf of the Board, Chairman Sanchez thanked Mr. Edwards, Mr. Skaggs and Mr. Marshall for the presentation.

Chairman Sanchez briefly recessed the meeting at 11:31 a.m., and reconvened the meeting at 11:30 a.m.

Mr. Scott Flake, Director of the Payson Regional Economic Development Corporation (PREDC), provided a Power Point presentation on agenda item 5. The highlights of his presentation included the following: 1) the purpose of PREDC and how economic development helps grow the local economy with community services such as police, fire, courts, and libraries for the residents of the County; 2) PREDC's mission as a non-profit organization to cultivate economic vitality in the Arizona Rim Country through business development and advocacy; 3) PREDC's focus areas include: a) direct business development by acquisition, retention and expansion, entrepreneurship/enterprise facilitation, and tourism development; b) indirect business development by fostering an environment supportive of business and by developing partnerships; and, c) maintaining and enhancing the operations of the PREDC; 4) review of last fiscal year's budget; 5) an overview of the business development efforts; 6) review of the business recruitment efforts, with Home Depot being a possibility; 7) presentation on the contents of PREDC's website (<http://www.paysonecon.org/>); 7) review of the business retention and expansion efforts; 8) review of the recreation and tourism efforts; 9) review of the current funding sources which include Gila County, Town of Payson, grants, membership fees, and other sources, and future budgetary needs. Mr. Flake provided the Board with a handout of the fiscal year budget from 2003 to the current year 2004 and a draft of the Strategic Plan. Vice-Chairman Christensen, Supervisor Salas, and Chairman Sanchez complimented Mr. Flake on his presentation and supported the efforts to continue building partnerships between Gila County and PREDC and other agencies to identify and develop future water sources for the Payson area.

In addressing agenda item no 6, Chairman Sanchez called on John Nelson to present an update on the Arizona Local Government Employee Benefit Trust (AZLGEBT) insurance pool issues and Gila County's Wellness

Program. Mr. Nelson advised that last week he attended an AZLGEBT Board of Directors' meeting. As information to the audience, he advised that AZLGEBT is self-insured and is comprised of six counties: Apache, Gila, Greenlee, Graham, La Paz, and Santa Cruz. Currently, AZLGEBT provides health insurance to approximately 2,000 County employees. The breakdown by gender is 1,024 males and 985 females, a 51%-49% split between male and female. There are a total of 2,009 employees and 2,089 employee dependents, which is also a 51%-49% split. In the age grouping of County employees, 53% are 50 years or older, and 66% or 2/3 are 45 years or older. Of the total employees, those aged 25-45 years old are 1/3 of the pool, and 45-70 are 2/3 of the pool. Of the 38,565 claims that AZLGEBT processed last year, 258 of those claims were over \$10,000 and totaled 0.67% of the claims, or 39.33% of the dollars spent. The claims from \$5,000 to over \$10,000 totaled 1.3% of the claims or 48% of the dollars spent. The next step down, from \$2,500 and over totaled 2.6% of the claims or 56% of the dollars spent. The claims for less than \$100 to \$299 annually accounted for 78% of the claims that have been submitted. Mr. Nelson advised that a large group of claims being submitted are under \$300; however, the majority of the dollars being spent are for those claims over \$5,000. He further advised that AZLGEBT is looking at tailoring its Wellness Program to improve these two costly areas in order to prevent the number of small claims (78%) and to limit larger dollar claims. Mr. Nelson advised that AZLGEBT purchases Blue Cross-Blue Shield (BCBS) network contracts and discounts. Last year 27,186 claims were processed through the BCBS network. The total billing for those claims was \$14,527,921.58, of which \$7,898,548.99 or 54.37% was discounted resulting in health insurance pool payments of \$6,629,372.59. Mr. Nelson stated that AZLGEBT expended \$210,000 last year for the BCBS network provider listing and discounts, which resulted in a \$7.9 million savings in discounts. The total cost of prescriptions was \$1,928,820, an increase of 6.8% from the previous year. For the breakdown between the plan and the members' co-pays, the plan cost was

\$1,455,175, which is up 9.1%, and the members' co-pay cost was \$473,646 which is up 0.3%. AZLGEBT is trying to accomplish is a 75%-25% split, whereby the plan pays 75% and the members' co-pays will be 25%. The average claim was 7.69 prescriptions per year, per member for last year, which is up 5.1%, and that will continue to drive the costs up. In reference to the financial results, the cash position for last year was increased by \$1,301,240.63. Since AZLGEBT's inception, cash in the bank as of June 30, 2004, is \$7,887,665.96 on a cash basis. On a surplus basis, the surplus for last year was \$1,112,340.03 and the surplus for the pool for all years is \$6,555,565.36. There were no insurance premium increases for the year. Vice-Chairman Christensen thanked Mr. Nelson for the report. Mr. Nelson stated, *"The health insurance industry in this country is moving in a brand new direction and this County is going to have to move with it. Currently, the employer pays most of the cost, employees get health care as they need it, and the insurance company pays. That is changing very rapidly. What the industry and the County (meaning all participating counties of the AZLGEBT) is looking at going to is a cafeteria-style plan where a broader range of benefits are offered, and the employee can pick and choose what type of insurance they would like. Currently the County pays about \$4,000 per employee per year for medical benefits. What the County could do is allow the employees to spend that \$4,000 as they see fit for their medical benefits by selecting the options that would most benefit them. For example, they may not need vision care, but would prefer to have more life insurance. It would assist the employee in becoming a better consumer of medical care and the County will be going in that direction with a health plan. The plan will need to be HIPAA-compliant, web-based for employees, must integrate with our payroll system, has to integrate with a third-party payer, and allow the beneficiary the ability to access what their benefits actually are, know the status of claims, and what the cost of their benefits have been since they've been with the County, so when they make begin making choices of what types of insurance they need and deciding deductibles, that information will be available to them."*

*The County will be going in the direction to be more of a cafeteria-style and will be implemented a couple of years from now.*” A discussion ensued between the Board and Mr. Nelson as to the timing for the implementation of a cafeteria-style health insurance plan for the AZLGEBT participating counties. Mr. Nelson advised that further research must be conducted on the feasibility of implementing a cafeteria-style plan and most likely, if approved, the change over would take place no sooner than two years from now. Ms. Priscilla Knuckey-Ralls, Gila County Treasurer, commented on the high quality of health benefits currently being provided in Gila County. She urged the Board to obtain employee input before any formal action is made to change to a cafeteria-style plan.

There being no further business to come before the Board of Supervisors, Chairman Sanchez adjourned the meeting at 12:59 p.m.

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José M. Sanchez, Chairman

ATTEST:

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John F. Nelson, County Manager/Clerk